

## **COMMITTEE ON REAL ESTATE**

May 23, 2016

A meeting of the Committee on Real Estate was held this date beginning at 4:07 p.m. at City Hall, 80 Broad Street, First Floor Conference Room

Notice of this meeting was sent to all local news media.

### **PRESENT**

Councilmember White, Chair; Councilmembers Waring, Riegel and Moody **Staff:** Colleen Carducci, Director of Real Estate Management, Frances Cantwell, Corporation Counsel, and Christopher Morgan, Director of Planning. Also Present: Stephanie Yarbrough, representative for Blackbaud

The meeting was opened with an invocation by Councilmember Riegel.

### **APPROVAL OF MINUTES**

On the motion of Councilmember Waring, seconded by Councilmember Moody, the Committee voted unanimously to approve the minutes of the May 10, 2016 meeting.

### **REQUEST AUTHORIZATION OF THE MAYOR TO EXECUTE THE ATTACHED EASEMENT AND LICENSE AGREEMENT BETWEEN THE CITY AND THE U.S. GENERAL SERVICES ADMINISTRATION (TMS: 457-12-04-016; 101 BROAD STREET)**

Ms. Carducci stated that this agreement affects the property at 101 Broad Street. The parcel has frontage on Broad, but wraps around 97 and 95 Broad Street. Next to 95 Broad is the alley that's owned by GSA, back to the Federal Courthouse building. When we get behind 95 Broad on the corner of the City's property, there is an SCE&G transformer. They have access easement rights on the property as well as along GSA's driveway. GSA had put in a rolling gate for homeland security. This agreement is to give them the permanent right to be able to this security across the property. It's not taking too much space to give them this and it provides them the security they need. The City is presenting this to you because we are getting ready to put this property for sale on the market and we need this document to be recorded for GSA before we advertise the property for sale. Councilmember Moody asked if the gate slides between the transformer and the building. Ms. Carducci stated that it's on the Federal Courthouse side of the property. Our property is vacant land. Right now, GSA has handicap accessible parking there. It's between the parking and the transformer site. Councilmember Riegel asked for its location relative to where the City employees park on Broad Street. Ms. Carducci stated that the City employees park at 101 Broad Street. Back behind there, we rent the parking behind 97 Broad Street to the law firm that's there. Their fence is on City property. They're removing the fence off of our property. We'll sell the property right up to their property line.

On the motion of Councilmember Waring, seconded by Councilmember Moody, the Committee voted unanimously to approve the request for authorization of the Mayor to execute the attached Easement and License Agreement between the City and the U.S. General Services Administration (TMS: 457-12-04-016; 101 Broad Street).

### **REQUEST AUTHORIZATION OF THE MAYOR TO EXECUTE THE ATTACHED TEMPORARY ACCESS LICENSE AGREEMENT BETWEEN THE CITY AND THE NORTH CHARLESTON SEWER DISTRICT TO INSTALL, MAINTAIN, AND REMOVE A TEMPORARY ABOVE GROUND SEWER LINE (TMS: 464-02-00-051; 1820 HARMON STREET)**

Ms. Carducci stated that North Charleston's Sewer District is making improvements to their sewer system. In order to do it, they need to have a bypass line so that they can do repairs and reline their operating. This is a temporary above line sewer line. It will enter our property off of Harmon Street and it will go to the north and go along the drainage ditch. They are coordinating their work with DHEC to assure that they

don't do anything with the soil while they're working. This agreement is so that they have the time needed to make repairs to the sewer line.

On the motion of Councilmember Waring, seconded by Councilmember Moody, the Committee voted unanimously to approve the request for authorization of the Mayor to execute the attached Temporary Access License Agreement between the City and the North Charleston Sewer District to install, maintain, and remove a temporary above ground sewer line (TMS: 464-02-00-051; 1820 Harmon Street).

**REQUEST APPROVAL OF THE MAYOR TO EXECUTE THE ATTACHED LEASE AGREEMENT BETWEEN THE CITY OF CHARLESTON AND THE MEDICAL UNIVERSITY OF SOUTH CAROLINA FOR THE PARKING LOT LOCATED AT FISHBURNE STREET (BETWEEN HAGOOD AND HORIZON STREETS), CHARLESTON, SC 29403 [FISHBURNE STREET PARKING LOT (HAGOOD LOT)]**

Ms. Carducci stated that this is the parking agreement that we've had with MUSC for the past few years. We recently reconfigured the lot and regraded it. We have been able to expand the number of parking spaces on the lot. This agreement allows us to continue leasing 794 parking spaces to them. When the garage opens at 180 Lockwood, we anticipate being able to lease more spaces on this lot. This agreement allows us to increase the number of parking spaces they use. The rent in the initial year is \$40 per space and it will increase thereafter. There is a 30 right by either party to terminate the agreement. The State does it for appropriations to make sure they have the money to pay. If Horizon Project Foundation was so minded to have a new development there, we would need to give notice to shorter this lease if we needed to.

On the motion of Councilmember Riegel, seconded by Councilmember Waring, the Committee voted unanimously to approve the request for approval of the Mayor to execute the attached lease agreement between the City of Charleston and the Medical University of South Carolina for the parking lot located at Fishburne Street (between Hagood and Horizon Streets), Charleston, SC 29403 [Fishburne Street Parking Lot (Hagood Lot)].

**REQUEST AUTHORIZATION FROM THE MAYOR TO EXECUTE THE ATTACHED RESOLUTION APPROVING AN AMENDMENT TO THE JOINT COUNTY INDUSTRIAL PARK AGREEMENT BETWEEN BERKELEY COUNTY AND WILLIAMSBURG COUNTY SO AS TO INCLUDE A PARCEL OF PROPERTY FOR A PROJECT UNDERTAKEN BY BLACKBAUD, INC. AND HPBB1, LLC; AND A FEE-IN-LIEU TAX AGREEMENT BY AND AMONG BERKELEY COUNTY, BLACKBAUD, AND HOLDER CONSTRUCTION (DANIEL ISLAND)**

Ms. Cantwell stated that Blackbaud is expanding and solidifying their presence in Charleston for the long haul. Before the Committee is a request to include a parcel of land where Blackbaud will build their headquarters into the Berkeley County- Williamsburg County Industrial Park. That will enable financial incentives to Blackbaud in the terms of job credits and a fee-in-lieu of taxes as they make their investment in the City. The resolution that was sent out with the agenda recognized Holder as the partner of Blackbaud. Since press time, they formed a South Carolina LLC to be the developer arm. That entity is HPBB1, LLC. Anytime there's a multicounty industrial park, if they're expanding it to include property that is within a municipality, they require the municipality's consent. The second matter up for consideration is consent of a fee-in-lieu of taxes agreement, which the City wouldn't be a part of. This is a financial structure that Berkeley County and Blackbaud have negotiated in order to incentivize Blackbaud to stay here. The agreement hasn't been fully signed off on by Berkeley County Council. We don't expect any changes, but if there are any financial changes, it would probably have to come back for your consent. She asked for the Committee's authority to approve it with Corporation Counsel being allowed to sign off on the final form of the Agreement as long as it's consistent with what's discussed today. Instead of paying taxes, Blackbaud would be paying a fee-in-lieu of taxes (FILOT). They are going to invest not only in their own building, but also in public infrastructure: roads, water, sewer and utilities.

In return for their agreement to put their headquarters here, and to create as many as 300 jobs, they are asking for some consideration for the money they're putting in public infrastructure. Instead of paying taxes,

they will pay a fee based at 4% of the current millage rate. They'll make that payment to Berkeley County every year. If they meet the financial investments they represented, they will be entitled to a credit against that fee. The agreement is set up where they will invest over 13 years \$150 million. If they do that, they will be credited an amount of 50% back to them for the money that they put into the infrastructure. At the end of 13 years, if they haven't met the minimum investment, they'll go back to the 6% straight assessment. If they meet \$125 million instead of \$150 million, Berkeley County, at its discretion, has the right to reduce that credit from 50% of payment to 40%. If don't \$150 million, but meet \$100 million, the County can dial back the credit to 30%. For all of their multicounty parks, except Volvo, 1% goes to the partner county. The next 35% of the money goes back to the County for their administrative and operational purposes dealing with the parks and with other things they do with the County. They take \$.5 million per year for water and sewer and another \$2 million plus to pay for improvements for Sheep Island Intersection. After those deductions, would be distributed to the taxing entities. Councilmember Moody asked what that percentage was based on. Ms. Cantwell stated that it would be your proportionate share. It will be a while before the City gets its full tax return on its investment, but while that's happening, there will be a number of good jobs and possibly spinoff development not only related to Blackbaud, but also residential. The water and sewer payment is expected to be paid off in a year and a half. The improvements for Sheep Island Drive are longer commitments. She stated that the draft agreement incorporates what she just outlined.

Ms. Yarbrough stated that she would be happy to answer any questions. Councilmember Riegel asked where the Williamsburg Industrial Park located is. Ms. Cantwell stated that she learned that a multicounty industrial park is not necessarily industrial or a park. There are various pieces of property put under that nomenclature, but because of the level of investment and jobs, the County feels like giving them a break and incentivizing them to come. There are a couple of properties in Williamsburg County that probably aren't contiguous to one another, but have been put in this park to incentivize economic development where it is needed. Councilmember Riegel inquired about where they're going to build. Ms. Cantwell stated that they're going to build on Daniel Island. The Chair replied that it's by the new light that's on River Landing where are 2 corners that have a new road being put in on the side. Councilmember Riegel stated that the Chair did a good job speaking. Ms. Yarbrough stated that for this project, South Carolina was competing with Austin, Texas, who has a large Blackbaud presence, and we won it. These jobs are high-paying. It's very exciting. The Chair stated that they still have a substantial presence in Austin.

Councilmember Waring stated that he thinks it's great. Previously, he chaired JEDA. There was a division of Microsoft leaving Seattle. It was competing between South Carolina and North Carolina. South Carolina's incentives, at that time, were geared toward smoke stack industries bringing in railway and roads. For software companies and even R&Ds, the most valuable attribute is the intellectual capital. North Carolina had crafted their incentives to bring in the 200 most valuable employees for Microsoft and we had no way to incentivize that. Since that time, it has changed. He gave kudos to everyone involved. He stated that he was glad to see it. So often, we lose those high-paying jobs to other states and communities because we can't craft incentives to get them to come here. Ms. Yarbrough stated that it was really important to Blackbaud for them to be able to stay here.

Councilmember Moody asked when they get down to giving the money to the cities, what is it based on. Ms. Cantwell stated that it's based on millage. Councilmember Waring asked if a fee-in-lieu of taxes was done a few years ago on Roper Hospital. Ms. Cantwell stated that the cities are limited in what they can do. The counties have more flexibility. Councilmember Moody stated that he thought there was a fee-in-lieu for these nonprofits that we provide some kind of service to. Ms. Cantwell stated that nonprofits technically don't have to pay at all. Some voluntarily pay the fee because of the services they're provided. The Councilmembers are thinking of when all of the doctors went from private practice into a nonprofit and thought that they didn't have to pay any business license fees. An arrangement was made whereby they're paying a fee-in-lieu of business license.

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to approve the request for authorization from the Mayor to execute the attached Resolution approving an amendment to the Joint County Industrial Park Agreement between Berkeley County and Williamsburg County so as to include a parcel of property for a project undertaken by Blackbaud, Inc. and

HPBB1, LLC; and a fee-in-lieu tax agreement by and among Berkeley County, Blackbaud, and Holder Construction (Daniel Island).

**CONSIDER THE FOLLOWING ANNEXATIONS:**

- (i) 1211 Camellia Road (TMS# 351-12-00-050) 0.14 acre, West Ashley (District 9)
- (ii) 1643 Sulgrave Road (TMS# 354-02-00-043) 0.30 acre, West Ashley (District 2)

Mr. Morgan stated these are residential properties.

On the motion of Councilmember Moody, seconded by Councilmember Riegel, the Committee on Real Estate voted unanimously to approve the annexations listed above.

Councilmember Riegel stated he was unable to be at the last Real Estate meeting because he had a meeting in Columbia. He inquired about the subject of the Executive Session that was motioned for. The Chair stated that it was concerning the Beach Company project, but we chose to not go into Executive Session. We adjourned the meeting and had the discussion. Councilmember Waring asked if they could get a summary of the Judge's order. Ms. Cantwell suggested that the meeting be adjourned and then they could discuss it.

There being no further business, the meeting was adjourned at 4:33 p.m.

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Council Secretary